



DUKE ENERGY CORPORATION

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**VIA OVERNIGHT DELIVERY**

December 20, 2010

Mr. Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd  
Frankfort, KY 40601

**RECEIVED**

DEC 21 2010

**PUBLIC SERVICE  
COMMISSION**

**Re: Case No. 2010-00369** In the Matter of the Application of Duke Energy Kentucky, Inc. for an Order Authorizing the Issuance of Unsecured Debt and Long-Term Notes, Execution and Delivery of Long-Term Loan Agreements, and Use of Interest Rate Management Instruments.

Dear Mr. Derouen:

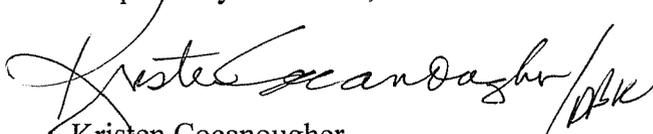
On November 10, 2010, the Commission approved the Company's Application for financing authority in the above-referenced case. In granting the requested refinancing authority, the Commission required that the Company, "within 30 days from the date of issuance, file a statement with the Commission setting forth the date or dates of issuance and terms of the securities authorized herein, the price paid, the interest rate, and all fees and expenses, including underwriting discounts or commissions or other compensation, involved in the issuance and distribution."

Please be advised we completed a refunding of \$26,720,00.00 in Boone County Tax Exempt bonds (Series 2010) in late November (Settled Nov. 24, 2010). The Series 2010 bonds are VRDB's with a floating rate of approximately SIFMA Index flat, resetting weekly. The initial rate setting was .29%. The maturity date remains unchanged at August 1, 2027. The compensation paid to the Underwriters in connection with the issuance of the Refunding Bonds was \$29,779.70.

A detailed summary of the transaction is attached hereto.

Feel free to contact me should you have any questions. Thank you.

Respectfully submitted,

  
Kristen Cocanougher

Duke Energy Kentucky  
Bond Pricing Term Sheet

As of 11/26/2010

**Series 2010 Tax Exempt \$26,720,000 VRDB Bond Offering**

Senior Secured (FMB) Non - AMT Tax Exempt Bond

**Duke Energy Kentucky**

Ratings	A (S&P) Aa2 (Moody's) (Stable/Stable)
Principal Amount	\$26,720,000
Pricing Date	Tuesday, November 23, 2010
Settlement Date (T+3)	Wednesday, November 24, 2010
Maturity Date	Sunday, August 01, 2027
First Coupon Date	Friday, December 24, 2010
Treasury Benchmark	N/A
Benchmark Price	0.000
Benchmark Yield	0.000%
Reoffer Spread to Benchmark	
Reoffer Yield	0.000%
Coupon	<b>0.290%</b>
Reoffer Price (%)	100.000
Gross Spread (%)	0.000%
Reoffer Price (\$)	\$26,720,000
Gross Spread (\$)	\$0
Net Proceeds (\$)	\$26,720,000
<b>All-in Yield (%)</b>	<b>0.290%</b>
Spread to Treasuries:	<b>N/A</b>
Call Provision	N/A
Payment Dates	Weekly Coupon Resets/ Monthly Interest Payments
Day Count Conversion	Actual/365 Following Business Day, unadjusted for Period End Dates
CUSIP/ISIN	098792 AP9 / US098792AP98
Sole Dealer	KeyBanc Capital Markets Inc.
Co-managers	None
Trustee	Deutsche Bank
Dealer Commission	\$80,160.00
Estimated Dealer, IFA, Legal Fees:	\$1,301.60
<b>Net Proceeds - Closing</b>	<b>\$26,720,000.00</b>
	100,000
<b>Total Commission + Fees Paid:</b>	<b>\$81,461.60</b>
	0.30487%

Bonds are supported by a Bank Letter of Credit from the Master Credit Facility Duke Kentucky Sub-Limit

\$26,638,538  
99.6951%